

Tobacco Revenue, Use, Spending and Tracking Commission
February 15, 2005
American Cancer Association
2929 East Thomas
Phoenix, Arizona

MINUTES

Members Present: Matthew Madonna – President
William Pfeifer – Vice President
Kelly Hsu, M.D.
Bertha Sepulveda

ADHS Staff: Danny Valenzuela – Deputy Director
Raul Muñoz – Deputy Assistant Director
Patricia Tarango – Office Chief
Dilia Loé – Chief Administrative Officer
Lynda Anderson – Administrative Assistant

Presenters: Leigh Cheatham – Arizona Department of Revenue
Larry Davis – Arizona Department of Revenue
Dr. Mary Gilles – Health Care Partnerships
Louise Strayer - Health Care Partnerships
Bob Leischow – Arizona Department of Health Services,
Chronic Disease Program

The meeting was called to order at 10:08am by Matt Madonna – President

Introduction of TRUST Commission Members.

Mr. Madonna - Motion to approve the minutes of January 10, 2005

Dr. Hsu - Moved to approve the minutes.

Ms. Sepulveda - Seconded.

Minutes approved.

Mr. Madonna – Mr. Pfeifer to report on the progress of new TRUST Commission members.

Mr. Pfeifer – The letter requesting interest in serving on the TRUST Commission was sent to the list of prospective members. There is a goal of enlisting seven new members. Mr. Madonna will conduct interviews this month. After the interviews, recommendations will then go to the Nominating Committee for further review, then their recommendations will go to the entire TRUST Commission. Director Eden will be given the list of individuals recommended by the TRUST Commission.

Mr. Madonna – Meetings with all of the candidates will be completed prior to the next TRUST Commission meeting.

Ms. Tarango – How will the TRUST Commission proceed if the goal is not reached?

Mr. Madonna – With the interest shown by the list of possible candidates the TRUST Commission feels there will be enough qualified individuals to fill the TRUST Commission. New members will be representative of the community with multiple resources to bring to the table.

Mr. Pfeifer – The interviews will be completed and the list to be finalized in April by the TRUST Commission meeting.

Ms. Cheatham – Overall review of the Department of Revenue and the Tobacco Enforcement Unit. By A.R.S. State statute tobacco vendors have 48 hours to place the tobacco tax stamps on each package of cigarettes. Inspectors will take action on their second visit to seize the product if the vendor is non compliant, either with the stamps not affixed or improperly stamped. The seized cigarettes either 1) have to have new stamps purchased and affixed with fines assessed to the vendor, 2) are auctioned back to the distributor, or 3) shredded and burned. All fines are placed in the State general fund.

There are two bills currently before the legislature: HB 2531 pertains to the sale of single sticks. If this bill passes the Department would then have to stamp each stick, details are being considered as to how this would be done under the current statute; HB 2717 deals with cigarette licensing, broadens and tightens control of licensing.

The number of stamps sold is approximately 20 million and the revenue varies between 23-27 million. This is projected for the fiscal year, July 1, 2004 -June 30, 2005.

Last year a one million dollar increase to the Department was to expand the enforcement unit. There were start-up costs and this year the projected budget is \$750,000. This money is from the general fund not the tobacco settlement funds or State Tobacco Tax funds.

Mr. Davis – The responsibility of the Enforcement Unit is to educate and train Arizona law enforcement officers in tobacco compliance and organized crime activity. Tobacco laws in Arizona are administered and enforced primarily by the Luxury Tax Audit Unit and the Criminal Investigations Unit.

The Luxury Tax Audit Unit is responsible for the tobacco tax stamps, distributor's licensing, monitoring the monthly returns and the auditing of tobacco distributors.

The Criminal Investigations Unit is responsible for the inspections of retailers and distributors, investigations on criminal and civil tobacco tax violations, recommendations on prosecution, education of the public and local law enforcement communities.

Millions of dollars are lost from cigarette smuggling, export of gray market products, offshore infiltration, counterfeit tobacco and tax stamps, internet sales. Tobacco products are number one in smuggled products in the United States. Gray market products are for export only. Offshore products are manufactures in foreign countries. Other Tobacco Products (OTP) include snuff, cigars, chew, roll your own, and pipe tobacco. Herbal cigarettes are also stamped.

Large seizures of illegal products in Arizona have larger counterparts outside of the state.

Presentation on the various types of counterfeiting packaging in relation to Arizona's tobacco tax stamps.

Mr. Pfeifer – Are counterfeit cigarettes taxed?

Mr. Davis – A small number of counterfeit cigarettes will have stamps, usually out-of-state stamps or counterfeit stamps.

Mr. Madonna – Is it illegal to sell cigarettes in Arizona without an Arizona Tobacco Tax Stamp, or are they able to use out-of-state stamps?

Mr. Davis – All products sold in Arizona must have an Arizona Tobacco Tax Stamp. All Arizona Tobacco Tax Stamps have five key areas to maintain integrity: 1) serial number is dot matrix, 2) hologram in the background, 3) special font, 4) fusion to the product will not come off in one piece, and 5) laser light illuminates the chemical in the stamp. There are three stamps issued in Arizona, 1) the green stamp is for use on reservations and those cigarettes can only be sold to tribal members, 2) the red stamp is for use on reservations and those cigarettes can be sold to anyone, 3) the blue stamp is for general use in Arizona. Each stamp has a different tax rate.

Explanation of the two types of machines that affix the stamps to the packages, an automated Meyercord machine and a manual machine. Partially or half stamped products, mail order products or internet sales are used to evade taxes.

Mr. Madonna – The process for the distributors is to lease or purchase the machine, purchase the stamps, affix to the product. How many distributors are in Arizona?

Mr. Davis – There are 80 active distributors with 230 overall, includes OTP, the distributors are primarily in the Phoenix area. The manufactures ship to the distributors, the distributors have 48 hours to stamp or ship out of state. The stamps must be affixed to the packages not the cartons.

Mr. Madonna – Since the budget increase in September has the enforcement been more aggressive on the counterfeit and gray market products and has lowered the amount of illegal products in Arizona?

Ms. Cheatham – Yes, distributors are more careful, there are fewer illegal products in the open market, there have been 7 million cigarettes seized, less counterfeit products and revenue is holding.

Dr. Gilles – Introduction of Louise Strayer. Overview of the Health Care Partnership (HCP), the “Take Away Message” is brief interventions, intensive interventions and education, evaluation, goals and objectives, and future direction. The budget is \$446,000.

Definition of the 5 “A” model, Ask, Advise, Assess, Assist, and Arrange. Background on the history, current momentum, continuing education and certification and participant data throughout the state.

The evaluation design is broken into five categories: 1) self confidence, 2) skills demonstration, 3) knowledge, 4) survey of satisfaction, and 5) post program follow-up. Overview of the satisfaction with the HCP educational program with clinician interventions, measure of behavioral change, number of brief interventions delivered and post certification, impact of the 5 “A” model, follow-up contacts.

Multimodal intervention includes: 1) continuing education which has a small impact, 2) opinion leader involvement has increased, 3) academic detailing has also increased.

The framework to support a healthy Arizona includes the building blocks to an integrated outreach system statewide in the healthcare system and the AzTEPP resources supporting healthy communities. Utilization of materials and interstate data on cessation counseling.

JACHO requires in-patient counseling for those who are diagnosed with one or more diagnosis including AMI and pneumonia, stricter accountability with hospitals, required reporting and reimbursement. There are resources available to healthcare professionals.

Partnerships with WIC, Health Services Advisory Group, Indian Health Services, Arizona VA Health Care System, Arizona hospitals and healthcare organizations and AzTEPP funded statewide partners, inclusion of medical societies, increase in the number of participants for 2002-2003.

Ms. Tarango – Community health centers and AHCCCS serve a population at greater risk. There is a loan repayment program for medical personnel who serve in rural communities. Need to build contracts to include interventions.

Dr. Hsu – There is a need to provide physician incentives.

Ms. Strayer – Physicians can bill for services.

Dr. Hsu – Is Health Care Partnerships working with schools?

Dr. Gilles – We are partnering with the University of Arizona College of Medicine with basic skills, Arizona State University School of Nursing, and the Northern Arizona University Oral Hygienists Program.

Ms. Loé - This program is also part of Local Projects curriculum.

Mr. Madonna – The Local Projects should take on the responsibility of involving physicians.

Mr. Leischow – Update on the progress of the nine projects.

Screening and Detection:

1) American Cancer Society – colorectal cancer update, colon cancer is in the Cancer Plan. Accomplishments - conference in June of 2005.

Challenges - Arizona does not track the rate of colorectal cancer.

2) Mountain Park Health Center – cardiovascular disease

Accomplishments – forms and brochures have been implemented, 240 have been screened, 186 have been enrolled in walking classes, Halle Heart is assisting with screenings and community outreach, a registry of participants has been created.

Challenges – getting patients to the CVD classes.

3) T/Gen and the City of Avondale – cardiovascular disease

Accomplishments – they have had a slow start but are improving.

Challenges – the Community Health Liaison has resigned, delay in IRB process.

4) Wingspan – CVD, cancer, COPD

Accomplishments – created and identified outreach materials, hosted an LGBT Women's Health and Wellness Fair, staffed outreach table at OUTober Fest, collaborated with Gay/Great

American Smokeout, hosted pre-game reception at the UofA's Women's Basketball game, TEPP funded HCP to develop curriculum, facilitated health care presentations on culturally competent care for LGBT, and designed and implemented LGBT specific pre/post test at events.

Challenges – lack of administrative staff.

5) American Lung Association – COPD

Accomplishments – completed evaluation tools, pre/post tests are nearly completed, completed a “relational demographic database, 640 lung health screenings have been implemented at 19 events, descriptive statistics based on 271 participants completed.

Promoting Healthy Life Styles

1) Coconino County Department of Health – Williams Projects – CVD, cancer

Accomplishments – administered the Behavioral Risk Factor Survey, three of five worksites have begun worksite wellness programs, continuing grassroots health education and promotion, education programs for high school girls and middle school students, planning a health and fitness river trip for girls, planning a school-based health fair targeting grades 4-6, staff and families, hosted focus groups, administered survey on insight on perceptions on healthy lifestyles

Challenges – ambitious scope of work, coordinating time lines.

2) Native American Community Health Center - CVD, cancer

Accomplishments – completed flyer, marketing and outreach to Native American agencies, lifestart fitness memberships of NACHI employees, began school-based presentations at Creighton School District through the Learning Circle Program, Phoenix Union High School program, presentations to NACHI staff, Guiding Start Lodge, Intensive Outpatient Program, Native American Seniors Association, Concept for Change Outpatient Program, Great American Smokeout.

Challenges – two thirds of the worksite agreements have been place on hold until March.

3) Maricopa County Department of Public Health – CVD, cancer

Accomplishments – Data from 199 participants in the People Together for Health Program, continue to refine the partnership with TEPP Maricopa Tobacco Use Prevention Program funded cessation services, interaction with Arizona Nutrition Network, Food City' Comer Bien Estar Bien effort, demonstration have begun at Food City intervention stores, Comer Bien Estar Bien “Call a Dietitian is functional.

Challenges – need to hire a Comer Bien Estar Bien evaluator, management change at Food City.

4) Arizona Interscholastic Association, CVD

Accomplishments – preliminary success in the development and implementation of a system based approach in the education and delivery of physical activity and healthy eating content, introduce recess and in-class activity break, in-service training, introduction of pedometers into the schools, in-service training of City of Phoenix Active City program, ongoing development of the Train the Trainer program, developed 175 physical activity lesson plans, integration of the City of Phoenix nutrition program into after school programs, training of Tolleson Unified High School students, held two Family Nights focused on promotion of healthy lifestyles, organized a Family Fun Walk, worked with Fry's and Fry's marketplace to donate health snacks and beverages, active in Parent Teacher Organizations, completed the end of the first semester satisfaction survey, completed pre-program evaluation of health lifestyle indicators, data on physical activity monitoring in grades 5-8.

Challenges – school population has increase, strain and stress is an ever-present factor at the school.

Memorandum of Understanding – Development of the Comprehensive Chronic Disease Plan by the Office of Nutrition and Chronic Disease, completion by June 2005.

Budget overview, current balance is \$4.9 million, contractual encumbrance is \$2 million, leaving a balance of \$2.9 million, there has been a slight increase in revenue.

Mr. Pfeifer – The TRUST Commission is an advisory oversight commission of the Chronic Disease fund, which is now not directly under the TEPP Office.

Mr. Leischow - Contracts currently end June 30, 2005, need to plan for the next steps for funding.

Mr. Madonna – Previous dialogue was to extend/amend current programs for one-year, evaluation of programs to include possibility for extension or amendments, advocacy, completion of program if warranted. New RFP's in 2006.

Mr. Pfeifer – March meeting should include a discussion on the need to amend contracts. Mr. Leischow to contact the nine programs for deliverables, completion of program, ongoing projects and the programs future plans.

Mr. Pfeifer – The American Lung Association, the Heart Association and the Cancer Society feel that the Department's media campaign is not "hard hitting" enough, concerned with the direction of the campaign, need for stronger anti-smoking and prevention campaigns, future of second hand smoke campaigns.

Call for public comment – Michele Walsh – Review of the tobacco tax stamp data from the Department of Revenue, tobacco control program.

Mr. Madonna - Motion to adjourn.

Mr. Pfeifer - Moved to adjourn the meeting.

Dr. Hsu - Seconded.

Meeting adjourned at 2:20pm.

Patricia Tarango
Office Chief
Office of Tobacco Education and Prevention Program
Arizona Department of Health Services